

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: June 2010 **LETTER NO.:** 10-CU-10

TO: Federally Insured Credit Unions

SUBJ: 2010 Hurricane Season and Ongoing Disaster,
Emergency, and Pandemic Preparedness and Planning

ENCL: Resources for Hurricane, Disaster, Emergency, and
Pandemic Planning and Preparedness

Dear Board of Directors:

NCUA urges all federally insured credit unions to perform a review of their disaster preparedness and response plans in preparation for the 2010 hurricane season and for ongoing readiness to respond to other incidents.

The National Hurricane Center (NHC) predicts one of the most active hurricane seasons on record for the six-month season from June through November, 2010. The greater risk of storms brings a greater risk of landfall.

The NHC prediction is available at the following link:
http://www.noaanews.noaa.gov/stories2010/20100527_hurricaneoutlook.html.

The NHC outlook is not only a guide to expected seasonal threats; it is also a warning to take action now to ensure your credit union is prepared for any disaster, year-round.

Business Continuity and Disaster Recovery Plans

Management's plans should be commensurate with the complexity of your credit union's operations. Plans should focus on minimizing interruptions of service to members and maintaining member confidence in times of emergency.

Previous disasters have provided many "lessons learned" in working through the numerous issues that develop.

Following are the principal “lessons learned:”

- Implement pre-disaster actions to ensure a constant state of readiness, and take steps to safeguard assets and vital records if an early warning is received;
- Communicate disaster preparedness and response efforts before, during, and after an emergency to keep members, volunteers, employees, and regulators fully aware of the situation;
- Utilize a cross-section of people to develop, test, and implement disaster preparedness and response plans;
- Ensure back-ups are available not only for data but also personnel, worksites, equipment, vendors, and other resources; and
- Treat disaster preparedness and response plans as “living documents” to be updated as circumstances change.

NCUA Assistance in a Disaster or Other Emergency

In the event of a disaster or other emergency, NCUA works with affected credit unions, state credit union organizations, and state regulators to ensure federally insured credit unions are aware of assistance available from NCUA. When necessary, NCUA reschedules routine examinations of affected credit unions.

Depending on the nature of the event, NCUA also encourages an extra level of credit union assistance to impacted members, such as special loan terms and reduced documentation requirements. If necessary, credit unions can reach NCUA at: 1-703-518-6300 or <http://www.ncua.gov/Contact.aspx>.

Special Considerations for Reviewing Pandemic Preparedness and Response Plans

Federally insured credit unions need to periodically review their pandemic preparedness and response plans to ensure they are current and appropriate for the credit union’s operation. Pandemic planning, unlike most natural or technical disasters and malicious acts, presents unique challenges to credit unions. The impact of a pandemic is much more difficult to determine.

As experienced with the recent H1N1 flu, pandemics can be focused to specific regions of the world or the United States, but can spread quickly and cause health officials to close schools and other public gathering facilities or events.

Experts believe the most significant challenge for businesses in a pandemic may be the severe staffing shortages likely to result from a pandemic outbreak.

Pandemic plans should include:

- Preventative programs to reduce the likelihood that operations will be significantly affected by a pandemic event;
- Documented strategies which provide for scaling pandemic events including provisions for possible second and third waves of a pandemic;
- Comprehensive listings of facilities, systems, or procedures to continue critical operations if a large number of staff are unavailable for prolonged periods;
- Testing programs to ensure that pandemic planning practices and capabilities are effective;
- Evaluations of critical service provider plans for operating during a pandemic; and
- Oversight programs to ensure ongoing reviews and updates are made to the pandemic plan.

A list of resources is enclosed to assist you in reviewing your credit union's disaster preparedness and response plans.

If you have any questions or concerns, please contact your NCUA Regional Office or State Supervisory Authority.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure